

# The Kuoni Study

## THE KUONI STUDY ON FUTURE OF LEISURE TRAVEL

The following is the full text of an executive summary of an independent study on 'The Future of Leisure Travel' created by the Gottlieb Duttweiler Institute on behalf of the European tour operator, Kuoni Travel Holding Ltd. It was released on March 9, 2006, at the ITB Berlin. As the text appears to have been translated from the German, some of the syntax and language may sound a bit odd but has been left unedited in the interests of maintaining the accuracy of the original.

The market for holidays and travel is becoming more dynamic and complex. Customer behaviour is increasingly incalculable. Although short-run movements in the market are well documented, there is no overall picture of long-term perspectives. The question is: In what direction is the holiday and travel sector headed?

This study analyses the wishes and values of travellers. It describes the driving forces of change and answers questions of relevance to the market: Who will travel in the future? What are their motivations? What new travel markets are to be seen on the horizon? What will be the most popular destinations in 2020?

## THE MOST IMPORTANT DRIVING FORCES FOR CHANGE IN TOURISM

### 1. SOCIAL DRIVERS

- Ageing society: In 2020, the elderly will be in the majority in Western Europe. Children and young people will be in short supply.
- Individualisation. Growing demand for individual holidays. Falling demand for package tours.
- New family structures. More and more singles. Ever fewer families with children.
- Health consciousness grows. Destinations with potential health hazards will come under pressure. Areas with contaminated water and beaches, polluted air, ugly buildings, a risk of infection, etc., will be avoided.
- Value orientation increases resulting in a new competition of values. Ecological, ethic and social values become ever more important.
- Decline of the middle class in Western Europe.
- Leisure time declines. Western Europe must work longer again. Raising the pension age retards the growth of senior travel.

## 2. TECHNOLOGICAL DRIVERS

- Availability of information. The spread and performance of information and communication technology continue to increase. Access to tourist and booking information will become even simpler, faster and cheaper;
- Transport: more, faster and cheaper long-distance connections.
- New search and mapping services. Geo-tagging, Google Earth and GPS revolutionise maps.
- Tracking services make it possible to mark travellers like parcels and to locate them at any time.
- Extreme engineering: Opening up new destinations that were previously closed to tourists, e.g., underwater hotels and space trips.
- Environmental-control technology will become more important. Destinations threatened by natural catastrophes will depend more and more on early-warning, water-treatment and weather-control technology.

## 3. ECONOMIC DRIVERS

- Greater competitive pressure. Tourists expect more for less money.
- Booming Asia. Wealth and power shift towards the East.
- Polarisation of demand for cheap and luxury offers. Growing pressure on the middle.
- Daily rock-bottom prices are normal and expected. The downward once spiral will revolve faster and faster and the margins will shrink.
- End of industrial working in Western Europe.
- Growing vulnerability of financial markets.

## 4. ECOLOGICAL DRIVERS

- Unspoilt nature will become scarcer and, therefore, more valuable.
- Climatic change. Regional climatic advantages shift.
- End of the oil reserves.

- Traffic jams will become chronic, the consequential effects increase and make travelling an even greater torture.
- Ozone hole: the sun is dangerous. Sun? Just say no!

## 5. POLITICAL DRIVERS

- Political uncertainties increase and prevent or restrict travel.
- Growth of terrorism. Security measures, visa regulations and entry controls will become even stricter and make travel more complicated.
- Opening up of China. China and its numerous and its numerous previously unknown sights, could develop into the world's popular tourist destinations over the next 15 years.
- Declining trust in politics.
- Disintegration of shared values. Clash of cultures. Intercultural conflicts spread and intensity. Thus, travelling will become more dangerous again.

## **MEGATRENDS AND COUNTER TRENDS – THE CONSEQUENCES FOR THE TRAVEL INDUSTRY**

In principle, holiday travel remains a mass business. However, it will be a more individual form of mass consumption. Holidays will be less frequently booked as package arrangements and more often compiled a la carte. Conventional categories will be dispensed with and the required service and comfort modules booked as required.

On the other hand, many people are looking for a greater sense of community. In many cases, the need for personal contact and to be together with friends and family is the reason for the journey - and this will become increasingly important. In the future, tourists will expect more meeting and dating services. The growing number of singles calls for services that help them organise their social and love lives.

As life becomes more complex and chaotic, as we are forced to be more mobile and travel with increasing frequency, we look for holidays as a counterbalance offering a touch of normalcy and stability - either stay at home or travelling to the same place year in, year out. The variety of arrangements threatens to overtax more and more travellers.

How are thousands of elderly people of 80+ expected to get around big airports? In the future, straightforward but smart packages will be in demand, too. For simplicity is a privilege and also means VIP treatment: in the 'fast lane', travellers get where they want to go quickly and easily without queuing. On the other hand, simplicity also means more travel arrangements for 'dummies'. Travellers will be given electronic, GPS guardian angels and thus monitored, guided and looked after by 'remote control'.

There will be no more clearly defined holiday-leisure segments in 2020. For holidays are becoming increasingly bound up with other activities. The number of hybrid arrangements offered will grow, e.g., hotels that merge with clinics, academies or museums, vacation clubs that also operate handicraft workshops, tower blocks with wellness resorts, cruise liners with temporary jobs.

By 2020, there will be virtually no unknown destinations any more. The world has been explored. Bombarded with stimuli, the majority of Western Europe's older customers have experienced virtually everything. Instead of an ecstatic high, people want meditative tranquillity and spiritual experiences. People are exhausted by life in the experience society. The more we can afford, the more we come up against the limits of our physical resources. Opportunities for relaxation will become more important than entertainment.

## **THE EVOLUTION OF TOURISM**

The travel motives differ increasingly over time: travel for survival and occupational reasons are followed by travel for religious reasons to places of pilgrimage or on crusades. As society grows more complex, people start to show an interest in other cultures. Discovery, knowledge and education are important - as is, of course, the ensuing prestige. Consequently, more emphasis is given to developing one's own personality in a dialogue with foreign customs, different kinds of art and new ideas, as soon as the individual assumes centre stage.

However, increased travel is not only the result of a growing self-awareness but also of the infrastructure available. The dangers of travelling decrease. Knowledge and travel experience increase while guides make travel easier. With the advent of new means of transport, travelling becomes faster and cheaper. Growing incomes mean that the great mass of people can travel solely for the sake of the experience, recuperation and pleasure: the way is free for tourism as a mass phenomenon.

## **WHY WE GO ON HOLIDAY**

- Basic motives and fundamental desires behind holiday travel, which will become even more important in the future.
- Whatever: No expectations. I travel because I can. Cheap offers generate demand.
- Recreational: The search for concentrated recuperation, relaxation and regeneration. Holidays as an emotional medicine against exhaustion, stress and depression.
- Experiential: The search for new experiences and sensations. To discover one's self. The aim is not to see new places but to see with new eyes.
- Diversionary: The search for pleasure, sport, games, variety and the chance to get away from it all. The chance to lose one's self.

- Experimental: The search for adventure and a dialogue with foreign ideas. Freedom from the limits imposed by things familiar and owned.
- Tribal: The search for love and togetherness with partner, family and friends.
- Existential: The search for purpose, happiness, relief and transformation. Travel with the aim of becoming part of something bigger and to find one's way.

## THESES ON TOURISM IN 2020

### HYPER HOLIDAY HUBS: 'MORE INCLUSIVE' 'MADE TO MEASURE'

Tomorrow's mass tourism will take place in hyper, holiday hubs. Gigantic holiday resorts will be built on the Mediterranean, in the United Arab Emirates, Qatar, China and Brazil, etc. These hyper-modern recuperation centres will offer the entire spectrum of what the heart desires: warmth in all variations from direct sunshine to carefully measured thermo treatments, love from a casual affair to a romantic adventure, physical recuperation from cheap face lifting to individual organic anti-aging treatments. With everything -- including the airport -- conveniently located in the same place.

Holiday hubs offer appropriate ready-made holidays, industrially prepared to the extent that they only have to be unpacked and served. Once the success factors for a 'good holiday' have been discovered, it will be possible to reproduce them wherever required. Given sufficient reserves of land and good transport links, it will be possible to setup holiday hubs anywhere in the world.

### CARE AND COMFORT

People who frequently change their places of work and residence - who travel a lot and spend more time with strangers than with their family - no longer dream of exotic countries. Mobile people with no fixed roots, at home in several different places, yearn for a genuine home. This yearning becomes all the stronger the more difficult it is to achieve what they want. The yearning for home will be more important than the yearning for far-away places.

Given that more and more women work outside the home without more men assuming more responsibility for the housework, it will be increasingly necessary to satisfy the need for security, cuddles and a feeling of being cared for away from home. Tomorrow's travellers will be drawn less to the attractions of the foreign than to those of Hotel Mama where they will be shepherd and spoiled.

### SOCIAL HUBS FOR MEETING AND MATING

Travel markets are relationship markets. We travel to meet families and friends, to encounter new personalities, to have casual sex, or because we are secretly hoping for the encounter love of our lives.

The search for a new partner is proving increasingly difficult for a growing number of singles. Under the new circumstances in which we live, conventional ways of finding a partner are inadequate.

One of the main reasons why online dating services are doing so well is that there are no 'on-land' alternatives for older people. There is nowhere that people in the mature age groups can go to meet a new partner or lover in an easy and uncomplicated way.

For tour operators, an exciting market for real meeting places will open up as an addition to online-marriage markets, chat rooms and networking platforms. In future, marriage agencies will provide the software while tour operators supply the stage for romance, as well as the players for potential love stories.

## HOLIDAYS AS EMOTIONAL MEDICINE

The global trend towards wellness and health is leading to greater health awareness. Good health is the prerequisite for being happy. Health is a growth market because the hunger for health and the battle against aging are never ending. Improved diagnostics and the early recognition of health risks cause people to concentrate more on their susceptibilities.

Many of them develop an almost hypochondriac fear of becoming ill and are thus open to many offers that promise health benefits.

On the medical side, the growing specialisation on technical operations also leads to nursing specialisation and emotional care for patients. In particular, the frail, singles and people disappointed by high-tech medicine will increasingly seek emotional support during their holidays.

For tomorrow's health holidays, the emphasis will be less on the hardware, bathing facilities, saunas, fitness rooms, etc., and much more on the software, in other words, emotional and spiritual care.

## 'GET TO' INSTEAD OF ESCAPE

Older people have different values and wishes to younger people. The older we become, the more of our happiness depends on immaterial values, on personal experience instead of ownership and on interesting relationships instead of boring ego trips. 'Arriving' rather than 'escaping' is likely to see traditional notions of luxury superseded by new kinds of travel luxury: quality of life through more calm, more, more space and more time for oneself and one's family. And this means that travellers will be seeking destinations which are convenient to get to and are places where they can enjoy the quality of life to the full and find calmness and security.

## THE MOST POPULAR DESTINATIONS IN 2020

The process of segmentation into a big mass market and into differentiated premium markets will continue. In the tourist sector, the differences between rich and poor will be more obvious than ever anywhere else.

Decisive for an intensive experience is personal service down to the smallest detail coupled with great style. 'Experience something that I will always want to tell.' 'No one can relate a similar experience.'

## SUPER LUXURY

Travel continues to be important for the super rich. After all, there is no better material way of demonstrating success than by travelling. The world's richest people want solely to associate with and measure themselves against their peers. In this connection, exclusiveness and the private sphere are key notions that define the elite. However, there are differences between the various generations. Via ultra-luxurious holidays, younger people show how far they are ahead of their contemporaries. The baby boomers see themselves as pioneers. Instead of investing in their businesses, they now invest in experiences, in their own lives and in the family.

## LUXURY

New luxury means privacy and adventure, e.g., spending a weekend with all members of the family in the shade of genuine old trees or Inviting family and friends for a holiday with full service on one's private island or simply having time alone with no disturbances.

Given, however, that the general standard of living is likely to fall significantly over the years until 2020, it will become an ever greater luxury to be able to satisfy one's own highly individual wishes or yearnings for a short space of time (or even to simply decide on the time, place and service level of the trip), regardless of whether at sea, in the mountains or in space.

## CHEAP

Cheap is and remains everything that is packaged and easy for the tour operator to handle, e.g., all-inclusive holidays to Majorca for the family, a trip to Thailand for a couple. Everything that is aimed at the masses will also stay cheap: pensioner colonies in low-wage countries with standardised care services (jointly financed by the medical insurance fund), flights to San Francisco for 100 Euro or a cruise at a bargain rate with Easy Cruise.

By 2070, it might even be possible to implant a travel experience in our brains, as in the film 'Total Recall'. Naturally, the souvenirs for the home display cabinet would also be provided.

## ABOUT THIS STUDY

**TIME HORIZON:** This study investigates substantial changes to structures and processes, as well as to values and modes of behaviour, that are likely to influence the travel market over the next fifteen years. The emphasis is on long-term perspectives because, in distinction to seasonal trends, the annual hits and flops, the fundamental needs and motives of holidaymakers change only slowly. Moreover, at least ten years is generally needed for the development of new tourist destinations, e.g., a new airport or the modernisation of obsolete infrastructures.

**METHOD:** The study is based, on the one hand, on the systematic analysis of specialist literature, trend studies and websites on the future of holidays and travel and, on the other hand, on interviews with experts and online polls.

We conducted personal interviews with trend and leisure experts, authors, travel-literature experts and tourism experts from Europe, India and the United Arab Emirates with the aim of discovering the most important new development trends and patterns of change. Additionally, new and unusual customer needs and wishes were found in an online poll conducted among Kuoni travel agents. Finally, tourism experts and Kuoni management representatives evaluated and categorised the driving forces of change and motives according to their importance.

**KUONI AND THE GOTTLIEB DUTTWEILER INSTITUTE:** Kuoni is one of Europe's leading tourism companies. It has subsidiaries in 27 countries in Europe, Asia, Africa and North America. Kuoni was named the World's Leading Tour operator in 2005 for the seventh time in the annual World Travel Awards. In 2006, Kuoni celebrates its 100th anniversary. For over 40 years, the Gottlieb Duttweiler Institute (GDI) has been identified with independent research. It is known to be one of the leading international think tanks. The GDI is located in Ruschlikon/ Zurich, Switzerland.